

**REMARKS**

This amendment is responsive to the office action dated August 23, 2006. Claims 97-131 stand rejected. Claims 123 and 124 are canceled here, without prejudice. Reconsideration of the rejected claims is respectfully requested based on the arguments presented here.

***35 U.S.C. § 103 Rejections***

In paragraph 3 of the office action, claims 97-111 and 114-129 are rejected under 35 U.S.C. Section 103(a) as unpatentable over the patent to D'Agostino (U.S. Patent No. 5,606,496) in view of the patent to Smith (U.S. Patent No. 5,450,123) and further in view of the patent to Dagdeviren et al (U.S. Patent No. 5,371,534) and yet further in view of Grady et al. (U.S. Patent No. 5,712,906). The Examiner contends that the patent to D'Agostino discloses a commercial transaction communication system and differs from the claims only because it does specify communicating dynamic, full-motion video. The Examiner relies on the patent to Smith to fill that apparent void in D'Agostino. The Examiner also recognizes that D'Agostino further differs from claims 97-129 because "although it teaches alternatively providing for a single link to transmit voice and data, it does not specify alternatively involving analog or digital lines." Accordingly, the Examiner now suggests that combining four not just three references would arrive at the claimed invention. Applicant contends that with no suggestion in any of the references that explicitly invites such a combination, the combination suggested by the Examiner is not proper. The Examiner argues that "each of the applied references relate to communications over the telephone network and teach features which are well known to be desirable in the telephony art to one of ordinary skill."

In paragraph 4 of the office action, claims 112-113 are rejected under 35 U.S.C. Section 103(a) as unpatentable over the combination of D'Agostino, Smith, Dagdeviren, and Grady as applied to claim 97 and further in view of Ando et al. To make this rejection, the Examiner relies upon a combination of five references. In paragraph 5 of the office action, the Examiner rejected claims 130-131 under 35 U.S.C. Section 103(a) as unpatentable over D'Agostino in view of Smith, Dagdeviren, and Grady.

In paragraph 5 of the office action, claims 130-131 are rejected under 35 U.S.C. 103(a) as being unpatentable over D'Agostino in view of Smith, Dagdeviren, and Grady, as applied to claim 97 above, and further in view of Donald et al. (US 5,053,956, hereinafter "Donald"). The Examiner believes that the combination of D'Agostino, Smith, Dagdeviren, and Grady differs from claims 130-131 in that although it provides for displaying products to the customer (Smith, col. 2, lines 65-68), it does not specify an inventory control system. However, the Examiner believes that Donald teaches the desirability of coupling an interactive video display system with an inventory control system (col. 7, lines 3-9; col. 9, line 61 - col. 10, line 4) so that a customer can view products along with the number available in stock such that it would have been obvious to an artisan of ordinary skill to incorporate such coupling with an inventory control system, as taught by Donald, within the combination of D'Agostino, Smith, Dagdeviren, and Grady so that the customer can be apprised of availability while the seller's inventory database is kept current as items are purchased. In making this rejection, Applicant notes that the Examiner relies on a combination of five references to reject the claims.

Applicant respectfully requests the Examiner to reconsider the rejections based on the following legal construct.

For rejections under 35 U.S.C. Section 103, the establishment of a *prima facie* case of obviousness requires that all the claim limitations must be taught or suggested by the prior art. MPEP § 2143.03 The establishment of a *prima facie* case of obviousness requires that the claimed combination cannot change the principle of operation of the primary reference or render the reference inoperable for its intended purpose. MPEP § 2143.03.

The Supreme Court set the standard for evaluating obviousness in its recent decision (*KSR International Co. v. Teleflex Inc. et al.* (550 U.S. 127 S. Ct. 1727 (2007))) to be “expansive and flexible” and “functional.” However, the standard is not controlling, rather, the various noted factors only “can” or “might” be indicative of obviousness based on the facts. The Supreme Court in KSR enunciated the following principles:

“[w]hen a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, Section 103 likely bars it patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill....[A] court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.

Simply using the benefit of hindsight in combining references is improper. *In re Lee*, 277 F.3d 1338, 1342-45 (Fed. Cir. 2002); *In re Deminski*, 796 F.2d 436, 442 (Fed. Cir. 1986)). The Supreme Court while recognizing the need “to guard against slipping into the use of hindsight,” acknowledged the following principles:

[r]ejection on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.

[I]t can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does.

One of the ways in which a patent’s subject matter can be proved obvious is by noting that there existed at the time of invention a known problem for which there was an obvious solution encompassed by the patent’s claims.

Rather, obviousness is to be determined from the vantage point of a hypothetical person having ordinary skill in the art to which the patent pertains. See 35 U.S.C. § 103(a). The legal construct also presumes that all prior art references in the field of the invention are available to this hypothetical skilled artisan. *In re Carlson*, 983 F.2d 1032, 1038, 25 USPQ 2d 1207, 1211 (Fed. Cir. 1993). The Supreme Court in *KSR* stated that:

a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was independently, known in the prior art.

An examiner may often find every element of a claimed invention in the prior art. “Virtually all [inventions] are combinations of old elements.” *Environmental Designs, Ltd. V. Union Oil Co.*, 713 F.2d 693, 698, 218 USPQ 865, 870 (Fed.Cir. 1983), cert. denied, 464 U.S. 1043 (1984); see also *Richel, Inc. v. Sunspool Corp.*, 714 F.2d 1573, 1579-80, 219 USPQ 8, 12 (Fed.Cir. 1983). If identification of each claimed element in the prior art were sufficient to negate patentability, very few patents would ever issue. Furthermore, rejecting patents solely by finding prior art corollaries for the claimed elements would permit an examiner to use the claimed invention itself as a blueprint for piecing together elements in the prior art to defeat the patentability of the claimed invention. Such an approach would be “an illogical and inappropriate process by which to determine patentability.” *Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1570, 38 U.S.P.Q.2d 1551, 1554 (Fed.Cir.1996). In other words, the examiner must show reasons that the skilled artisan, confronted with the same problems as the inventor and with no knowledge of the claimed invention, would select the elements from the cited prior art references for combination in the manner claimed. The Supreme Court in *KSR* has also stated that:

[o]ften, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the market place.

Further, the Supreme Court states that:

The Court relied upon the corollary principle that when the prior art **teaches away** from combining certain known elements, discovery of a successful means of combining them is more likely to be nonobvious.

Application No.:  
Reply to Office Action of:

09/505,914  
August 23, 2006

The claims at issue define substantial improvements over the applied art in the form of combinations of functionalities and system components or equipment that perform those functionalities. When properly viewed against the applicable standard, Applicant respectfully submits that none of the references of the proposed combinations, when considered either individually or collectively, teach or suggest the claimed combinations of functionalities and system components. Respectfully, Applicant urges the Examiner to reconsider the rejections in view of the above reasoning.

Respectfully submitted,

BERRY & ASSOCIATES P.C.

Dated: March 26, 2008

9255 Sunset Blvd., Suite 810  
Los Angeles, CA 90069  
(310) 247-2860

By: /Reena Kuyper/  
Reena Kuyper  
Registration No. 33,830